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March 1969

ALGERIA IN THE SOVIET ORBIT: A MAGHRIBI MIRAGE?

Algeria's independence in July 1962 followed what was described by one author as "the most violent anticolonial revolution of this generation." The revolution lasted eight years, reduced much of rural Algeria to desolation, and permanently changed the nature of her society. Since independence, Algerian leadership has been consistent on one point: the belief that, bereft of trained personnel and indigenous capital, Algeria must follow the socialist path and that in doing so there is much to be learned from the Soviet Union. Soviet experience in the consolidation of political power into a single party with a potential for marshaling all resources to fulfill the national purpose has been seen as worth emulating. The Soviet Union, in its turn, has nourished Algeria's leftist orientation in order to gain support for her policies in this key region and at the same time to restrict the freedom of action of her adversaries.

Both Ahmed Ben Bella, ousted by the 1965 coup, and President Houari Boumedienne have tried to take advantage of Soviet policies in Algeria in order to further Algerian national interests. The question today is whether or not a compulsion for speed and expediency may cause Boumedienne to become more influenced by and more dependent on the Soviet Union than he really means to be. Both Soviet and Algerian media have reflected sensitivity to recent Western press stories heralding Algerian over-involvement with the USSR, which is indicative of the delicacy with which both are trying to balance their inter-relationships -- each country with its own motives.

The Soviet Presence

The combined force of Soviet economic and military technicians currently in Algeria represents its largest single contingent in any Third World country. Although the number of Soviets in Algeria is most commonly estimated at 3,500, the London Economist, in a 4 January 1969 article, reported that there are believed to be 6,000 Soviets working in Algeria, half with the Algerian armed forces and the rest employed in anything from petroleum prospecting to medicine.

Algeria negotiated for most of its Soviet-origin military equipment right after the Algerian National Army's (ANP) poor showing against Moroccan forces in the Algerian-Moroccan border flareup of 1963. Since then, Soviet technicians have furnished some one-quarter-billion dollars' worth of materiel supplied to the ground, sea, and air branches of the ANP and have been training the Algerian forces in the use of this materiel. Despite the large Soviet military presence, operational control of all branches is believed

to rest in Algerian hands. Russell Warren Howe wrote from Rabat, Morocco, in the Baltimore Sun, 27 January 1969, that the Soviet "instructors rate the Algerians the best Arab forces they have trained -- superior, they indicate, to the Syrians, the Iraqis or the Egyptians."

There has been much speculation about the upsurge in Soviet military activity in Algeria following the 1968 exchanges of military delegations and visits. Apart from refining arrangements to permit Soviet use of facilities at Mers el Kebir and at Algerian airfields, the USSR appears to have promised additional material to Algeria. The London Economist (cited above) reported there are now about 600 pilots and air crewmen in training in the USSR. Since Algeria already has on hand most, if not all, of the Soviet equipment previously contracted for, the training of such an inordinately large group outside of Algeria would hardly seem necessary unless new equipment were expected.

#### Economic Relations

On the economic front, Algiers very early solicited economic aid from Moscow notably for the further exploitation and "Algerianization" of her only development resource: petroleum and natural gas. The Soviets responded in 1963 with an overall credit grant of almost \$250 million, but in five years have failed to produce more than about ten per cent of their original commitment. The bulk of credits drawn has paid for "technical services" to complete surveys for dams and mineral and petroleum exploration; the remainder went into small-scale projects for agricultural equipment, medical services, education, and plant construction and management. Some blame for the limited achievements of the Soviet economic aid program rests with faulty Algerian planning and management ... but because this same planning and management was taking place under Soviet guidance, the Soviets must share the blame.

Summer of 1968 was the starting point for a true Soviet "upsurge" in the Algerian economic sector. Negotiations for a new trade agreement were begun in the summer, and concluded in January 1969; under its terms the Soviet Union will take 110 million gallons of Algerian wine annually for a period of seven years and one-half million tons of petroleum annually for two years. It will be a barter arrangement whereby the Algerian wine and oil will pay for Soviet capital goods and technical aid. A new agreement for mineral prospecting in the Sahara, expected to bring in an additional 200 Soviet technicians, was signed at the same time.

As long as France continues to be Algeria's main trading partner, the pitfalls of the latest Soviet-Algerian trade agreement are not as great as they may appear to be on the surface. But there are pitfalls: France has always subsidized her wine purchases from Algeria; by shifting some wine sales to the USSR, the new barter agreement will cost Algeria, just as a starter, about \$22 million in hard currency annually. (For a country with about \$450 million plus in hard currency holdings -- this does not seem a danger for the moment, but over a seven-year period it could cost over one-quarter of her holdings.) The new Soviet agreement marks the first time that Algerian trade will not be balanced on a year-to-year basis. Finally, the new agreement could herald an attempt to implement a Soviet strategy that has been extremely successful in other countries, particularly in Cuba and in the UAR: that of gobbling up a given country's major export commodity with the aim of building up a deficit balance of trade and, subsequently, economic dependence on the USSR.

#### Sensitivity to Western Reaction

The London Economist (cited above) reports that Western concern over the Soviet presence "sometimes takes too little account of what the Algerians think about it or what the French might do." The "question is" the article continues, "how much influence they (Soviets) really have. The standard example has been Algerian acceptance of the Moscow line and the printing of TASS reports about Czechoslovakia; but in private the Algerians felt considerable embarrassment and the invasion was notably not one of the occasions when the foreign press was banned."

After the French withdrew from the naval base at Mers el Kebir in early 1968, rumors were rampant that the Soviet Union would take over command of the base. They grew to the extent that, by November, the Algerian Government officially and firmly denied press reports concerning Soviet intentions while the Algerian press also rejected arguments that Algeria was coming gradually under Soviet influence. The Algerian Government repeated its opposition to the establishment of foreign bases and said that "not an inch of Algerian soil will be ceded to a foreign power."

On 15 November TASS also issued an official denial: "TASS has been instructed emphatically to refute as an absolutely groundless concoction the allegations circulated in the Western press about the creation of a Soviet naval base at Mers el Kebir and a network of Soviet rocket installations in Algeria."

The Question

The extent of Algerian dependence on the Soviet Union -- despite Algerian awareness of the dangers of such dependency -- and the uncomfortable element of Soviet political pressuring of Algeria raise many questions for the future. Robert Graham wrote in the London Observer, 9 November: "By going exclusively to the Soviet Union for heavy armaments, Algeria has thus become dependent upon Russian spare parts -- and Russian training ... Algerian pilots are even reported to contact ground control in the Russian language ..... Shopping elsewhere -- France, at present, being the sole likely alternative -- is difficult. Three years ago soundings were made, but de Gaulle was not prepared to prejudice his policy of detente with the Soviet Union. Diplomatic sources say that the request has been made again and refused."

Algeria's militant stand on the Arab-Israeli war of June 1967 and her condemnation of the Soviet Union for failing to intervene militarily marked a temporary discord in the political harmony of Soviet-Algerian relations. There was no outward break, however, since Algeria was a willing abettor in hastening the Soviet arms resupply to the UAR forces. Soviet media, on the other hand, practically ignored Algeria from June 1967 until the mid-December 1967 abortive anti-Boumedienne coup. Then, in late December, a leading Soviet commentator on Arab affairs, Farid Syful-Melyukov, claimed that the upheavals in Algeria illustrated the difficulties of countries recently freed from "colonialist yoke" and implied that the imprisonment of Communists and other left-wingers was partly responsible for the country's difficulties. Pravda, on 4 January 1968, warned the Algerian regime to take heed of the disturbances by creating openings for left-wingers.

Western media, meanwhile, had been highlighting Algerian socialism's slow progress because of the government's failure to have an economic plan and its failure to implement many of its previously announced socialist-type reforms. The same 4 January Pravda article, cited above, was mainly devoted to denials that Algeria had abandoned its commitment to socialism -- which may have been a reflection of Soviet fears.

Perhaps it has been mere coincidence, but ... One month after the French vacated Mers el Kebir, the Soviet leaders sent a letter to President Boumedienne urging that the two countries renew their harmonious political relations (New York Times, 17 November 1968); since May 1968, Algiers has served as the jump-off spot for Soviet commercial flights to Cuba; the latest Soviet-Algerian trade talks came on the heels of a breakdown in French-Algerian talks and in the wake of Algeria's nationalization of many private French firms; in July 1968 Algeria published her plan of socialist economic development, 1954-1976; and, in November, Boumedienne released from prison

a number of Marxists and Ben Bella supporters who have since offered to cooperate with Boumedienne in a broadened government. While Algeria has had valid motives of her own for each action undertaken in this series of coincidences, the question of the extent of Soviet influence lurks in the background.

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Attachments

"Algerian Socialism's Slow Leak," The New Republic, 6 May 1967

"Major Trends in Algerian Economy Development," l'Actualite, Algiers, 13 July 1968 (excerpts only from the 1954-1976 plan of development)

"Boumedienne's Role Since Independence," Eurafrique, No 195, 1968

"CNI Approves 32 Private Development Projects" and "Eighteen Companies Nationalized in Algeria," La Republique, Oran, 12 and 15 June 1968 (excerpts only as illustrative of the regime's left-right, right-left switches)

"Algeria Improves Ties with Soviet," New York Times, 17 November 1968

"Algeria Playing France Against the Soviet Union in the Economic Sphere" and "In Algeria: 'More Joy, a Little Money'," Henry Tanner, special to the New York Times, 26 and 28 December 1968

NEW REPUBLIC  
May 1968

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## Algerian Socialism's Slow Leak

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Algiers

Despite the wave of nationalizations following independence nearly five years ago, Algerian socialism is hard to take seriously. For one thing, it has no economic plan. One is promised this year, though lack of statistics will make it largely an exercise in guesswork. Land reform scheduled for last year had to be postponed when private landowners threatened not to plant their 18 million acres. An effort at self-management by workers of factories, farms and small businesses has been a fiasco, and many have been quietly returned to private ownership, to the outrage of the hard-lining labor union. Typical of Algeria's economic pragmatism is the national oil company - SONATRACH - which has hired American and Russian oil men, formed joint drilling and geophysical companies with American firms and last year negotiated a \$15 million loan from Bank of America and Manufacturer's Hanover Trust.

Colonel Boumediène doggedly makes speeches in classical Arabic, but they are incomprehensible to most Algerians until translated into either the local patois or French. Egyptian teachers were brought in to push Arabization in elementary schools, but the program failed because their pupils could not understand them. Mosques have been built throughout the country since 1962, but Sunday, not the Islamic Friday, is the day off for government and business.

But if he cannot give Algeria a true Arab socialist identity, Boumediène has given it 21 months of desperately needed stability. To all appearances, this has been accomplished without any serious abrogation of civil rights, though one of his first moves after taking over in June 1965, was to suspend the constitution and National Assembly. He has purposely not taken the title of president. His official post is president of the 24-man Revolutionary Council, which has become the supreme authority. Army officers form the majority on the Council, and the government could not make a move the army disapproved. Thus the balance of power, always precarious, between the FLN and the *Armée Nationale Populaire*, has shifted in favor of the latter.

Austere and shy, Boumediène (whose exact age, in this secret-ridden country, is not known) quite possibly would be glad to step down in favor of a civilian leader in whom he had confidence. But once burned, twice cautious: it was he who entered Algiers at the head of his troops and opened the way for Ben Bella in September 1962, after the newly independent nation erupted into internecine strife. Meanwhile, there are signs he may

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be developing a taste for power. The last two months have seen the first large photographs of the colonel - in mufti - posted in the capital. The colonel has kept his post as defense minister, and the army has fared exceedingly well. Compared to September 1963, when Moroccan troops easily defeated Algerian units in a brief border conflict, Algeria today has the best-equipped armed forces in Africa, after Egypt and South Africa. The Soviet Union has sent an estimated \$180-million worth of military hardware, including T-34 and T-54 tanks, armored personnel carriers, MIG fighter planes, light jet bombers and transports, rocket-launching patrol boats and SAM missiles. About 1,000 Russian military personnel are in Algeria as advisers; another thousand Algerian officers and enlisted technicians have been trained in Russia. The government justifies spending 30 percent or more of its budget on its military by pointing to the "expansionist ambitions" of Morocco. As if on cue, King Hassan II voices Moroccan claims to southwestern Algeria regularly enough to lend Boumediène unwitting support.

Economically, the slow downward spiral that began in 1962, when nine-tenths of the French population, pulled out in panic, is continuing. Rush-hour traffic jams in Algiers give a surface impression of prosperity, but the government acknowledges that less than 50 percent of the active male population is employed either full or part time. It relies heavily on emigration of Algerian workers to Europe (800,000 are there, 20 percent of the active population) to reduce unemployment, improve its balance of payments and provide job training. The \$200 million sent home annually is more than the country derives from all foreign aid or even its Saharan oil.

Algeria is pinning its hopes to petroleum production, which last year went from 26 million to 34 million tons of crude, thanks to a new, 500-mile, 28-inch pipeline. SONATRACH, the first attempt by an oil-rich third world country to prospect, produce and market its own petroleum, is well-managed. The general investment climate could not be worse. When I asked a prospering truck owner in Kabylie recently why he did not buy another truck with his profits, he replied, "It's better to remain small. That way you're safe."

The people are weary of politics, skeptical of promises. Municipal elections last February drew an 80 percent vote - there was a choice between two candidates, both cleared by the FLN and the army, for each seat in the Peoples' Municipal Assemblies - but many Algerians said they saw no point to one-party elections. What they want is work, and eventually the transistor radios and automobiles so favored by the country's budding middle class. For the majority, the goal is not *la révolution révolutionnante*, but the quickest possible *embourgeoisement*.

JOSEPH HARRISS

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## BOUMEDIENNE'S ROLE SINCE INDEPENDENCE

Col Houari Boumedienne has become a dangerous man to his adversaries. On the eve of the attempt against his life on 25 April, he presided over a spectacular ceremony, giving the name "Che Guevara" to the former Avenue of the Republic in Algiers. This is no longer a time when Boukharouba Mohammed Ben Brahim, like his predecessor Ben Bella, the son of an Oran peasant, and known during the war as Houari Boumedienne, can retreat behind his colleagues.

Between 19 June 1965, the date of the power takeover by the present Algerian president, and the spring of 1968, the economic and social appearance of Algeria was profoundly modified. The oil industry, the country's principal resource, has consolidated its position and begun to achieve its program of expansion, while broadening its independence from the big foreign companies. It has had an attractive effect within the industrial sector and has created interest for numerous investors.

The situation is less bright in the farm sector. The type of cooperation which can be set up between the small fellahs and the public remains to be determined, and the invasion of peasant masses into suburbs of large cities, where they reinforce the number of unemployed, has not completely stopped. But a return to order of a type has already taken place in the domains created by colonization, which have turned into self-managed farms since independence.

Algerian society has also been transformed. The results of a recent census show that in Algeria, the under-20 age group accounts for 56 percent of the population of 12 million people. This means that half the country is made up of new generations who have not been polarized by the domestic struggles that their elders underwent.

The census shows that while 15 percent of the population are presently literate, a significant increase in school enrollment would rapidly change this proportion: there are presently in different schools 1.6 million boys and girls from 6 to 24 years of age. The rural population, traditional support of Willayism, is not as important as in most of the other African countries. In a working population of four million, this figure includes only 1.34 million farmers and 300,000 workers. During the three years of Colonel Boumedienne's rule, he has stated that one sector has remained underdeveloped in relation to the rest: the political sector. He is endeavoring to make up for this delay, but it is known that in politics, when one is not confined to prudent immobility, one quickly makes enemies. One must defend one's self and forge ahead, often deeply changing one's behavior.

The man with the ascetic face, who does not like microphones or television cameras, certainly has not lost his innate sense of discretion. But events have forced him to change his manner. The Boumedienne of 1968 no longer resembles the



When he came into power in 1965, he was accepted by civilians and military alike as the man who would least divide them. Certainly the coup d'etat was made by the army, which considered the colonel as its most qualified head. But he is not considered an army man. Certain young captains prefer to him other officers whom they consider to be stronger. This merits him the esteem of numerous high officials of the civilian administration.

Boumedienne discovered rapidly that his position of arbiter is not easy to hold because he does not have adequate instruments to play this role. The political institutions are not realistic. The 1963 constitution provided for the FLN party to be the essential organ of national life, parliament being only a recording chamber, and the government only an executive agent.

But the FLN party exists only on paper. The masses stand aloof from it. It functions not only at high levels. It is but the legal cover for a group of great cadres promised during the armed struggle. It furnishes a most favorable ground for palace revolutions.

For more than a year the role of Boumedienne has been that of a conciliator, but this man who tends naturally toward action has perceived that reconciliation does not suffice to govern a country. His desire to associate in power the largest possible number of the country's political families blocks the operation of the government machine. Diverse pressure groups find this a cause for satisfaction. This is the time when the righteous Moslem faction does not hesitate to flout the authority of the government through the antennas of the RTA.

Therefore, Colonel Boumedienne has the tendency to strongly support the army, the sole truly political structure existing in the country. But as he tries to consolidate the political-military foundation, he tries at the same time to remain the head of a nation and not of a faction. Foreign policy furnishes him this opportunity. Since independence, the Algerian people have become sensitive to wars of liberation. Strongly impressed by Frantz Fanon, Colonel Boumedienne speaks a language which replies to the Algerian's attempt. During the Six-Day War in June 1967, his support of the Palestinians considerably strengthened his prestige with the masses. His support of the African nationalists of the Portuguese colonies, of Rhodesia, and South Africa, was equally appreciated. This is the same way Ben Bella before him won part of his popularity.

The present Algerian President, however, does not fall into the confusion that was fatal to his predecessor. "Algeria is not Cuba," he says. In Havana, when Castro came into power, there was a state which no longer exists in Algeria. If he supports the army, the only existing structure, if he believes sincerely in its merits, he is not thinking that it should replace the state. He is making efforts to give the country the institutions which it does not have. The communal elections in

February 1967 were the first step in achieving this goal. The second step would be to organize departmental elections immediately, then legislative elections and presidential elections. He wants to leave Algeria with a government which gains a legitimacy no regime could claim up to the present because of the successive crises since independence.

It is important, because power has never yet succeeded in resting on a truly popular consensus in Algeria. It is the same story for the opposition. None of the large political upsets of the last three years has brought the population out of its apathy. The Algerians are relatively indifferent to the events of 19 June 1965 and the 1967 rebellion of Colonel Tahar-Zbiri. They do not seem to be concerned. But Colonel Boumedienne, by creating the proper conditions for a political life, ought to keep his power. This explains the swing sometimes to the right and sometimes to the left which the Algerian President makes. The road is perilous and staked out with barriers. In two years a certain number of incidents have shown that this period, which was marked in the beginning by the fight between the Provisional Government of the Republic of Algeria and the Politburo in 1962, is not yet out of the revolutionary epoch. To the extent that he overcame the obstacles sprinkled in his path by his adversaries, Colonel Boumedienne has seen his authority grow.

"We should end up," he said, "with the process whereby an Algerian political group which no longer agrees with the majority must take to the hills."

If he succeeds in improving the political climate of Algeria by ridding it of the anarchy from which it has suffered for nearly six years, Colonel Boumedienne has a chance of being assured a long tenure in power. His adversaries sense the approach of that date. The recent attempt against the Algerian President is symptomatic of this unrest. Colonel Boumedienne seems to be adapted to a career resembling that of Nassir. He is supported by the army to meet the nation and seems to be well on his way. The popular demonstrations in his favor after the failure of the 25 April attempt bear witness to that. The critical support which was brought to him on this occasion was that of the students, who ordinarily disagree with him, and this must also be considered a "sign."

L'ACTUALITE

7-13 July 1968

MAJOR TRENDS IN ALGERIAN ECONOMY DEVELOPMENT (EXCERPTS)

CPYRGHT

The determination of the Algerian people to achieve their aspirations to freedom led, thanks to their struggle for national liberation, to the restoration of national sovereignty in July of 1962, after 300 years of foreign occupation. The Algerian people's determination to realize its aspirations to social justice and to human progress will lead, within a few years, to the establishment of a socialist society, thanks to man's labor and to the country's potential. In less than 20 years, an extraordinary succession of events and of political, economic, social, and cultural upsets point to the fact that

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fashioning a new society. The Algeria of 1976 will be a very different place indeed from the Algeria of 1954. Between those two eras, landmarks in time, the Algerian revolution is being born.

If we set about analyzing Algeria's economic development and the major trends that characterize it over these two decades, we should hesitate to leave out such essential factors as historic, geographic, and sociological elements, but if we are to limit this inquiry to the precise question, we must not leave ourselves open to the risk of being incomplete or inadequate.

In the relatively short period of 20 years, therefore, the Algerian economy has moved from the phase of a liberal colonial dependent, under-developed economy, predominantly agricultural, to the stage of the independent socialist economy, in the full swing of development, with predominance in the industrial sector.

This slow and steady change falls into three distinct periods, each of them lasting approximately 7 years:

First period (1954-1962), disorganization and artificial growth within the liberal framework.

Second period (1962-1969), a transitional phase of mutation and restructuring. Or the transition from capitalism to socialism. Marked by a temporary slowdown in the economy.

Third period (1969-1976), accelerated growth of the socialist economy, or the economic take-off.

These three periods were preceded by a predominantly agricultural colonial economy, and will be followed by a socialist economy in a state of harmonious growth and development. The population will have doubled, going from 9 to 16 million inhabitants, and the national product will have quadrupled.....

b) Second period (1962-1969)

When independence was proclaimed in 1962, everyone knows what happened. Algeria's institutions were stripped of personnel. There was a sudden falling-off in production. Capital fled the country, archives and records were destroyed, etc., etc. In the face of so disastrous and disorganized a situation, Algeria had to cope with some extremely urgent tasks. Prompt action, backed by popular enthusiasm, made it possible within a few months to set up an embryonic state apparatus, protect what was left of the national heritage, get the vital economic sectors moving again, protecting the maximum possible of means of production, and provide such basic services as welfare and schools, etc.

The most remarkable part of all this was unquestionably the take-over by the farm workers, and those who worked the lands and the factories abandoned by the colonists, in order to assure their management through collective methods of self-management.

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This defacto situation, which lasted for several months, was subsequently legalized by laws known as "the March decrees."

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This period also witnessed the expropriation of property declared abandoned by the people, and the staffing in cadres and personnel of all the public services, as well as a renewal in general everyday activity.

That was the beginning. The organization of a collectivized sector of the economy, backed up by a state sector, was to constitute the nucleus, the center around which collectivist economic management was to grow and develop, to crystallize and to spread like an oil slick, on the sound foundation of socialist principles.

This was thus the beginning of the practical implementation of Algeria's socialist choice. Within a very few years, particularly following nationalization of the colonists' lands, Algeria had her own dualist economic structures, existing side by side: some of them capitalist, some of them socialist, without any clear-cut distinction.

#### Measures For Recovering Wealth

After 19 June 1965, the revolutionary government took several measures to recover the national wealth, or the means of production. The effect of these measures was a shift in the balance between these two sectors by 1966: The socialist sector by then had become more important than the private sector. This was largely owing to nationalization of insurance, banking, mining, distribution of oil and petroleum products, the heavy manufacturing and chemical industries, etc.

This trend will last into 1969. Once agrarian reform is complete, and the nationalization of foreign trade is accomplished, Algeria will have completed the change-over in its economy, and will have finished the necessary and inevitable period of transition from capitalist to socialism.

It is worth noting that the agrarian reform as planned will affect only 10 thousand of the major Algerian landowners, out of the total of 700 thousand individual owners of farm lands.

The three-year plan will make it possible to establish the necessary means and conditions for real socialist planning. It will provide for stable economic structures, tailored to the needs of economic development.

Does this mean that the private sector will perforce disappear? Absolutely not! Individual capital has its place. It will keep that place in the economy, in the degree to which it obeys the demands of development. These needs are spelled out in the investment plan. The specifically national character of Algerian socialism in no way conflicts with utilizing national savings and the energies of all honest citizens who desire to contribute to the collectivity. In any case, the present state of affairs proves that it is impossible to leave the matrix of the vital sectors of the national economy in the hands of private initiative as much for reasons of revolutionary principle as for considerations of the demands of profit and of social equity.

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TRANSITION PERIOD OF ECONOMIC CHANGEOVER

1962-1969 (1) Estimate

The relative shares of socialist and privately-owned sectors in production.

	1961	1964	1969
<u>Primary Sector (Agriculture)</u>			
Private Sector	1	30	50
Public Sector	99	70	50
<u>Secondary Sector (Industry)</u>			
Public Sector	11	31	65
Private Sector	89	69	35
<u>Tertiary Sector (Business, Service, misc.)</u>			
Public Sector	20	50	80
Private Sector	80	50	31

(1) The concept of "Public Sector" in this table is understood as including the whole of state-directed activities, (SN) semi-owned state activities, (SM), collectivized enterprise (self-management, cooperatives, etc.).

SHARE OF INDUSTRIAL PRODUCTION

<u>1950</u>	<u>1960</u>	<u>1970</u>
10%	32%	45%

SHARE OF POPULATION PER ZONE

	<u>1950</u>	<u>1960</u>	<u>1970</u>
Rural	80%	65%	50%
Urban	20%	35%	50%

If we were to sum up the economic situation at the close of this period, we would find a total reconversion under socialism, a tapering off in investments, and a firm holding of the overall level of production, without any marked increase in individual incomes.

THE PROBLEMS OF EMPLOYMENT

According to recent estimates, Algerian employment breaks down this way:

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Agriculture	1,000,000	(1)
Industry	130,000	
Commerce	200,000	
Administration	250,000	
Transportation & Other Services	200,000	
Total	1,780,000	
Employed in France	150,000	

ALGERIA'S BALANCE OF TRADE FOR 1966

(in Tons of Algerian Dinar)

1966

Imports	331,217,319	
Exports	268,032,842	(1)
Balance	63,184,477	

(1) Since the agricultural sector can provide full or part-time employment for only about 1,000,000 people, one of the primary concerns of the Plan is absorbing under-employment and unemployment by assigning priority to productive investments in the Secondary Sector.

c) Third period (1969-1970)

This is the period in which the conditions for our economic take-off will all be present. The socialist structures will be finally in place, and the human means, as well as the material ones, will be available. Our foreign trade will have been re-oriented, and reconversion and diversification of our trade complete. The control of the state will extend to all activity.

And so during this period, Algeria will resolutely strike out on the path of industrialization, because agriculture, owing to its feeble growth rate and to the enormous investment it requires, will no longer be able to produce enough to satisfy the needs of the nation, and at the same time produce a surplus for export. This is how the generally accepted concept of Algeria as a country whose vocation is purely agricultural is overturned, and its abandonment is inevitable.

Accelerated industrialization, on the contrary, will make possible a profitable exploitation of the national resources, an activity that gives rise to new jobs and higher incomes, thus taking the upper hand away from agriculture. At some later date, industrialization could even come to agriculture's rescue, by insuring it the investment goods it needs: machinery, fertilizer, irrigation, financial resources, etc.

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THE DEVELOPMENT PATTERN OF THE NATIONAL INCOME  
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 AND ITS SOCIAL AND ECONOMIC DISTRIBUTION

	1961	1969	1976
Agriculture	276	270	300
Industry	311	590	960
Gross Domestic Product			
Business and Services	539	750	1,600
Total	1,126	1,610	2,260
Gross National Product	1,469	1,800	2,500
Net National Product	1,305	1,650	2,600
National Income	1,180	1,450	2,200
<b>Total</b>	<b>11,000,000</b>	<b>13,000,000</b>	<b>15,000,000</b>
Active Population	4,100,000	4,500,000	5,200,000
Employed	2,300,000	2,500,000	2,800,000
Primary (Agriculture)	620,000	630,000	
Secondary (Industry)	620,000	650,000	900,000
Tertiary			
(Business & Misc.)	900,000	980,000	1,200,000
Unemployed	1,800,000	2,000,000	2,000,000
<b>PER CAPITA INCOME</b>	<b>1,070</b>	<b>1,115</b>	<b>1,500</b>
Growth Rate (Base Year 1954)	5.8%	5%	8%

Statistical Sources:

- 1) Statistics from the General Delegations of Algeria: Table of The Algerian Economy, 1960.
- 2) The Constantine Plan
- 3) Statistics from the Ministry of Agriculture and from Agrarian Reform.
- 4) Algeria's economic situation in 1965-1966.
- 5) Statistics from Algerian customs in 1966.
- 6) FAO statistical yearbook - 1966.

IA REPUBLIQUE, Oran  
 12 June 1968

CPYRGHT

CNI APPROVES 32 PRIVATE DEVELOPMENT PROJECTS (EXCERPTS)

Thirty-two privately financed projects have been approved by the National Investment Commission, with tax advantages, at the close of meetings held since 24 May at the Algerian Development Bank (Caisse Algerienne de Development, CAD). Cherif Belkocem, State Finance and Planning Minister and president of the Commission was chairman.

The geographic repartitioning of these investments was set up accord-  
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The National Investment Commission approved the following projects:  
**Approved For Release 1999/08/24 : CIA-RDP78-03061A000400020007-0**  
1 - The "African Inovac" organization (Investment: 3 million dinars; new employment: 42; located at Hussein-Day)

2 - The Algerian Organization for Refineries (SAPIIE), (Investment: 4 million dinars; new employment: 124; located at Boghni).

Three projects were rejected because they did not meet the requirements established by the commission, owing to low rate of integration, limited training effects, etc.

LA REPUBLIQUE, Oran  
15 June 1968

#### Eighteen Companies Nationalized in Algeria (Summary)

On 14 June it was officially announced that a number of private companies had been nationalized. They fell into the following industrial categories: food industries (three companies); chemical and maintenance products (nine companies including Norcolor, Riploin-LeFranc, Franco-African Paint & Enamels, and Cotelte & Foucher); mechanical engineering (three companies), and construction materials (three companies).

CPYRGHT

### NEW YORK TIMES 17 November 1968 ALGERIA IMPROVES TIES WITH SOVIET

New Relations Raise Issue  
of Military Cooperation

CPYRGHT

Special to The New York Times

ALGIERS, Nov. 16—"Friendship and cooperation" is the slogan one hears these days to describe the ties between the Soviet Union and Algeria. And there have been signs of both friendship and cooperation.

A Soviet film week is being held in the Algerian capital, and talks to increase trade between the two countries are under way in Algiers.

The government-controlled press here continues to publish the Soviet line on the Czechoslovak crisis.

Against this background of cultural, commercial and political cooperation, the question of Soviet-Algerian cooperation in the military field has been raised, at least abroad. Such matters are not discussed openly in Algeria.

The question specifically concerns recurrent reports that the Soviet Mediterranean fleet might use the Mers-el-Kebir naval base.

#### Evacuated by French

Mers-el-Kebir — its name means "the big port" — is a former French naval base four miles northwest of Oran of Al-

giers. The base has a natural deep sea harbor and sprawling installations that include underground logistic facilities.

The French, for economic reasons, evacuated Mers-el-Kebir last February, 10 years before the expiration of their lease on the base. The French Government says that it understood that Algeria would allow no foreign power to replace the French at the base, at least until the end of the lease.

Since the French departure, however, there have been intermittent foreign press reports that the Soviet Union would establish — or had established

— a base at Mers-el-Kebir. Foreign newsmen have not been invited to visit Mers-el-Kebir since the French withdrew.

The Algerian Government strongly denied the press reports concerning the Soviet Union's. It repeats its opposition to the establishment of foreign bases and says that not an inch of Algerian soil will be ceded to a foreign power.

#### Ships Call At Algiers

Since the end of last year's Middle East war, however, units of the Soviet Mediterranean fleet have made occasional calls at Algiers to refuel, to take on supplies and to give shore leave to their crews.

The Soviet Union has made it clear that it intends to stay in the Mediterranean. Vice Adm. Nikolai Amirov, in a recent article published in the Soviet military newspaper Krasnaya Zvezda, said that one reason for the Soviet presence in the Mediterranean was to protect Arab countries from the United States' Sixth Fleet.

Algerian leaders have repeatedly expressed the view that American power in the Mediterranean is a threat to Arab revolutionary governments. Algeria broke diplomatic relations with the United States during the Middle East war of June, 1967.

The close ties between Algeria and the Soviet Union date from Algeria's war for independence from France, when Algerians had Soviet support.

After Algeria gained her independence in 1962 she established good relations with the Soviet Union, and Soviet technicians entered the country in numbers presently estimated at more than 2,000.

The Soviet Union provided also limited economic aid and equipped almost all of the Algerian armed forces.

#### Ties Became Strained

The ties between the two countries became strained during last year's Middle East conflict when the Algerians accused the Soviet Union of letting down the Arabs.

The Algerians were particularly disturbed at their dependence on the Soviet Union for armaments. They sought to have an alternate arms supplier and approached the French, who were reported to have declined.

Last April, Soviet leaders sent a letter to President Houari Boumedienne urging that the two countries should renew friendly relations.

Soon afterward, an Algerian delegation headed by Belaid Abdelsalam, the Minister of Industry, went to Moscow to discuss trade. The result was an

agreement to increase trade between the two countries, previously amounting to \$60-million a year.

The Czechoslovak crisis provided an insight into present Algerian-Soviet relations. The Government-controlled radio and press here relied on the Soviet press agency Tass in reporting the invasion and ignored the Czechoslovak Government's side of the story. Asked why, a Soviet source answered with candor: "The Algerians want to retain our friendship."



# Algeria Playing France Against the Soviet Union in the Economic Sphere

By HENRY TANNER  
Special to The New York Times

ALGIERS, Dec. 22—Algerian officials make no secret of the fact that they regard their exclusive military dependence on Moscow as undesirable.

They say that the Russians have always been "correct" here, but they would much prefer to deal with at least two foreign powers in the military field, just as they have always sought safety and profit in the economic field by dealing with several partners at once.

However, President Houari Boumedienne's "anti-imperialist, socialist and nationalist" regime believes that if a newly independent country plays it smart, it can maintain close military and economic links with the Soviet Union without jeopardizing its own independence.

The Algerians have no compunction, therefore, about giving the Soviet Union major strategic advantages in the Mediterranean and Africa. But they drive hard bargains, sometimes amounting to brinkmanship, when it comes to Soviet-Algerian issues.

## Play Paris Against Moscow

They have no hesitation about playing Soviet and French economic interests against each other. But they are constantly on guard against political infiltration in their home affairs, and they keep their 3,000 Soviet advisers away from the local population.

Recently, when French and other Western newspapers accused them of turning Algeria into a Soviet stronghold, the Government-controlled radio and television answered self-righteously that it was the NATO that endangered the peace in the Mediterranean. The American Sixth Fleet, not the Soviet navy, is the foreign intruder in "our sea," according to the Algerian newspapers.

Algeria's dependence on Soviet arms and military instructors, unlike the stepped-up Soviet naval activity in the western Mediterranean, is not new. The bulk of the \$250-million worth of planes, tanks, patrol boats and artillery that the Soviet Union has supplied

to Algeria arrived in 1966 and 1967, much of it just after the Arab-Israeli War of June, 1967.

The Soviet-Algerian military agreement goes back to 1963 and was signed by Ahmed Ben Bella, Mr. Boumedienne's ousted predecessor, at a time when he was faced with an armed rebellion at home and a war on his border with Morocco. The Algerians like to say that Mr. Ben Bella could not have gotten arms from any other source even if he had tried.

Early this year the Algerian armed forces were believed to have 300 to 350 Soviet tanks, about 200 Soviet planes and eight or nine modern guided-missile patrol boats. The planes are thought to include about 150 MIGs, the others being Ilyushin-28 bombers and Antonov transports.

Informed sources believe that little if any Soviet equipment has arrived recently.

## Base Reports Discounted

Western diplomats here dismiss as false the rumors that Mers-el-Kebir, the former French naval base near Oran, is being turned over to the Soviet Union. The base, which was abandoned by the French for financial reasons a year ago, is being converted to Algerian use. French technicians are reported to be helping in the conversion.

The French also continue to operate an air base immediately behind Mers-el-Kebir and, as a result, are confident that they know what is going on.

According to the best available information, a handful of Soviet instructors serving with the Algerian Navy moved into the base with the Algerian naval units to which they were attached.

French and other specialists are convinced that the Soviet naval forces are not looking for permanent Algerian bases but are content to have their ships openly call at Algerian civilian ports for supplies and a show of the flag.

The French Government is concerned, on the other hand, for renegotiation next year. Just before the negotiations started, the Algerians made two moves. First, they nationalized most of the remaining French Indus-

trial enterprises in Algeria. This step had been long expected. Several of the plants had been operating at a fraction of their capacity, with equipment that cautious French owners had refused to renew. In the case of one company, Soviet technicians moved in the day after the French left.

## Seen as Potential Bases

The Soviet Air Force, it is felt, has thus gained potential bases far west and south of Wheelus Field, the American base in Libya.

Most of the Algerian airfields are in the south of the country—a good location for supply and other operations in black Africa. In case of a new Arab-Israeli conflict, Egyptian planes on these fields would be far less vulnerable to Israeli air strikes than they would be in Egypt.

There are occasional rumors of comings and goings of unmarked planes or planes with Soviet markings at some of these fields.

Meanwhile, the Soviet Union has been widening its economic activities in Algeria. This operation appears to have been directly linked to a new set of difficulties between Algeria and France. The Russians always seem to advance in Algeria when the French retreat, and vice versa.

## Period of Negotiations

A period of difficult negotiations between Algiers and Paris started last summer. Most or all of the major financial and economic issues between the two capitals are at stake.

One was the number of Algerians allowed to work in France and send their earnings home—a vital contribution to the Algerian economy.

Another is Algerian wine, after oil the country's most valuable export. France, with an agricultural and financial crisis on her hands, had bought some 22 million gallons less than she had promised.

In the offing, the financial arrangements for French oil operations in Algeria will be up for renegotiation next year.

Just before the negotiations started, the Algerians made two moves.

First, they nationalized most of the remaining French Indus-

trial enterprises in Algeria. This step had been long expected. Several of the plants had been operating at a fraction of their capacity, with equipment that cautious French owners had refused to renew. In the case of one company, Soviet technicians moved in the day after the French left.

Second, Belaid Abdesselam, the Minister of Industry and Mines and the driving spirit behind the economic development program, went to Moscow. There he received, among other things, an offer from the Soviet Union to buy all the wine the Algerians wanted to sell—at half the price the French were paying. The Russians also agreed to provide Soviet technicians for many of the nationalized French companies.

The Algerians then began the negotiations with Paris. Agreement on the workers was relatively easy. France agreed to an increase and will take 37,000 a year. But negotiations on wine broke down when the French linked the discussion of all commercial exchanges to the issue of Algerian compensation for the nationalized property.

The breakdown prevented the Algerians from doing what they like best—negotiating with two rivals at the same time.

A Soviet trade delegation has been here for a month engaged in negotiations on the implementation of the agreements reached by Mr. Abdesselam in Moscow.

The Algerians, it seems, are willing to sell the Soviet Union a little less than half the wine production over the next four years, thus making sure that some of their wine will be available for sale to France at the higher price.

While negotiating with the Soviet Union and France, the Algerians came to an oil agreement with the Getty Petroleum Company, an American independent, which became the first foreign company to give them what they had wanted all along—a majority partnership in a joint venture.

This is presumably the pattern the Algerians will insist on when the oil talks with the French begin.

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*In Algeria: 'More Joy, a Little Money'*

By HENRY TANNER

Special to The New York Times

ALGIERS, Dec. 22 — The steep streets of this city are clogged with automobiles. Dozens of downtown buildings have recently received a new coat of whitewash.

"Things are better, there is a little more joy, people have a little money," said a young employe at the central post office. "There is a feeling that we know where we are going."

There is a feeling too, he said, that Algeria's leaders are working seriously.

To a visitor two things are apparent. President Houari Boumedienne, who overthrew President Ahmed Ben Bella in 1965, has consolidated his grip on Algeria and on his regime. And, for the first time since independence six and a half years ago, there are signs that Algerians are a little better off economically.

**Doubts on Drive for Industry**

Two years ago, foreign specialists were still frankly doubtful that the Algerian regime was realistic in pushing the development of heavy industry instead of trying to provide immediately for more jobs and better living.

"If it takes them five years to get things going they may make it politically," one specialist said then. "If it takes ten, they are in trouble."

Now these same observers are cautiously confident that the gamble will pay off. The gas and oil industry, which is well run, is producing hard-currency revenue. The great steel mill at Annaba, formerly Bone, is taking shape.

Algerian textile factories made a false start two years ago and for several months produced goods nobody would buy. Today the stores are

stocked with nice-looking, good-quality, reasonably priced Algerian-made shirts and underwear.

A 100-page survey made recently by the International Monetary Fund bears out the superficial impression of the returning visitor. Living standards are reported slightly up even in the long-neglected, still poor countryside.

The Government has begun to pump some of its oil revenues into the villages and the hamlets in the form of loans for seeds and equipment. The latest allocations include \$110-million for development in Kabylia, the mountain region east of Algiers that is one of the most overpopulated and hence poorest in the country. About two-fifths of the country's population still lives in rural areas.

The improvement, of course, is relative. Nearly three million Algerians, about half of the country's active work force, are still either unemployed or underemployed, according to the Government's figures.

This was an endemic problem even under the French. But Algerians point out that their problem of underemployment cannot be compared with unemployment in an advanced society. The system is different here. There is the cohesion of the clan, which embraces several families, and, almost always, the clan includes one or two men who have work and support the others. Then there is also a trickle of money from odd jobs.

The regime is handicapped by political problems of its own making in dealing with agriculture. The self-management farms, which were instituted after independence in imitation of the Yugoslav model have proved to be unproductive and costly.

But they are part of the regime's socialist image, and

hence protected, although Government technicians, who have created large efficiently run nationalized companies in the new industrial sector, would like to try similar methods in agriculture.

Politically, Colonel Boumedienne has streamlined the once oversize, faction-ridden regime.

The Revolutionary Council, which became the country's ruling body after the Boumedienne takeover, still exists on paper but is virtually ignored. It consisted largely of former military officers representing the regional guerrilla units that had fought the war against the French.

In the heyday of the council, Colonel Boumedienne was an arbiter between rival factions. Today, according to all accounts, he makes his own decisions.

The main reason for the council's decline was that four of its members were identified with an abortive military coup attempted against Colonel Boumedienne a year ago.

**He Gets Warm Greeting**

Colonel Boumedienne, a shy man who has long been a remote and deliberately aloof figure, has begun to make appearances in the countryside and is said to have been surprised at the people's warmth.

His most important trip was to Kabylia. Although his security along the way was insured by hundreds of soldiers, this trip is widely regarded as a turning point in the country's internal political evolution.

But Colonel Boumedienne and his regime have failed in an attempt to mobilize the country politically.

They proclaimed 1968 "the year of the party." Their goal was to revive the country's single political party, the National Liberation Front. The front was the political instrument during the war against

the French and later became an effective grassroots movement.

A few weeks ago the Government conceded that the drive for mass enrollment in the party had met with indifference. Neither the "little people," nor the managerial elite, which is running the state enterprises, nor the young intellectuals responded.

Now the regime has declared that 1969 will also be "the year of the party." The attempt to mobilize the masses will continue, and President Boumedienne has made stern statements calling for popular participation.

From conversations with many Algerians emerges an almost general impression that they respect the Boumedienne regime for its moderation and its pragmatic approach to the task of building the nation's economy, but they have no interest in politics and ideology.

The power struggle that continues within the regime is a matter of a few hundred men in powerful positions.

"Some of the most important things here are those that have not happened," a young Algerian said a few days ago.

For one thing, he said, Algeria has not become a military dictatorship, even though the coup against President Ben Bella was carried out by the army. Colonel Boumedienne and all the key members of the regime, with the exception of Belaid Abdesalam, the influential Minister of Industry, were leading military commanders at the time of independence.

None has been seen in uniform since they took over. And at the time of the attempted coup a year ago, Colonel Boumedienne addressed the officers' corps and said: "If you want to get into politics, get out of uniform."

Second, the young Algerian said, "We do not have a Cuban regime."